

## **TOURISM IN PARADISE: THE ECONOMIC IMPACT OF FLORIDA BEACHES**

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### **INTRODUCTION**

Florida is the nation's premier ocean state, dependent on its 825 miles of sandy beaches for the enjoyment of Florida residents and tourists. The public cherishes their beaches as important recreation areas for family outings and leisure activity. Beaches also provide natural resources for plant and animal habitat and storm protection for public infrastructure and private investments.

Equally important to Florida but less recognized are the substantial economic resources that result from beaches. Particularly in a tourism state like Florida, there are clear financial benefits to beaches. They expand the federal, state and local tax base; increase sales, income, and employment opportunities from visitor and resident spending; and enhance property values. Benefactors of these economic prizes are local, state, and national governments.

Beaches serve as economic engines by attracting out-of-state tourists whose spending creates employment and income for local residents. Impacts of these economic development spread beyond the immediate area of the beach because not all beach-going tourists stay in the immediate beachfront communities. Additionally, businesses in the beachfront communities are supplied by businesses in nearby metropolitan areas. Retirees, many of whom declare Florida as their state of residence, are also attracted to Florida's beaches. These residents contribute to Florida's economy because their spending is based on retirement incomes that have been accumulated out-of-state.

This report focuses on the contribution made by the state's beaches to the Florida economy through the impact of tourist spending. It analyzes data available from the state's public/private partnership, *Visit Florida*, as well as Convention and Visitors Bureaus, Tourist Development Councils, and the Bureau of Economic and Business Research (BEBR). This study identifies the distribution of beach tourism across Florida coastal regions. It examines differences among tourism impacts in Florida's coastal regions, seasonality of those regions and the overall impact of tourism on the state's economy.

This research project was completed in summer 2004. It represents a two-year project undertaken for the Bureau of Beaches and Coastal Systems of the Florida Department of Environmental Protection by the Catanese Center for Urban and Environmental Solutions at Florida Atlantic University. Dr. William B. Stronge of Florida Atlantic University's Economics Department served as principal consultant, conducting the primary research and analysis and authoring the report with CUES.

## BACKGROUND

### Phase I

This report represents a multi-purpose study designed to identify the costs and benefits of beach restoration, improve public education and outreach on the importance of beach management to the state and national economies, and assess the existing beach management programs.

### Phase II

This second report discusses the economic impact of Florida tourism. Direct and indirect economic impacts are analyzed by the number of jobs created, generated tax revenues, expenditures per tourist and per trip, and beach tourist spending. Florida visitors are evaluated according to geographic origin, the proportion of visitors traveling by air and non-air, traveling party size, and the number of beach-oriented tourist trips.

## METHODS

Tourism trends were analyzed for both the state and beach regions. A basic examination of Florida is provided, which leads the division of the state into four beach regions—the Northwest Beach Region, the Northeast Beach Region, the Southwest Beach Region, and the Southeast Beach Region.

The state and each of the four beach regions were analyzed according to data collected from tourist development councils, convention and visitors bureaus, *Visit Florida*, and the Bureau of Economic and Business Research (BEBR). The analysis estimates, throughout the report, used multipliers from the U.S. Department of Commerce, Bureau of Economic Analysis, and RIMS II Model.

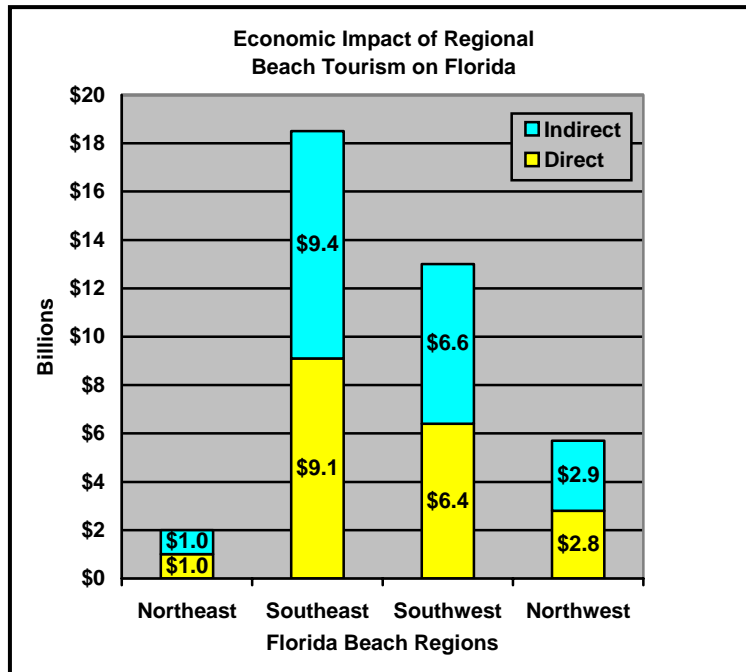
## RESULTS

For more than a century, Florida's beaches have been important engines for the state's economic development. A major source of the contribution of beaches to the state's economy has



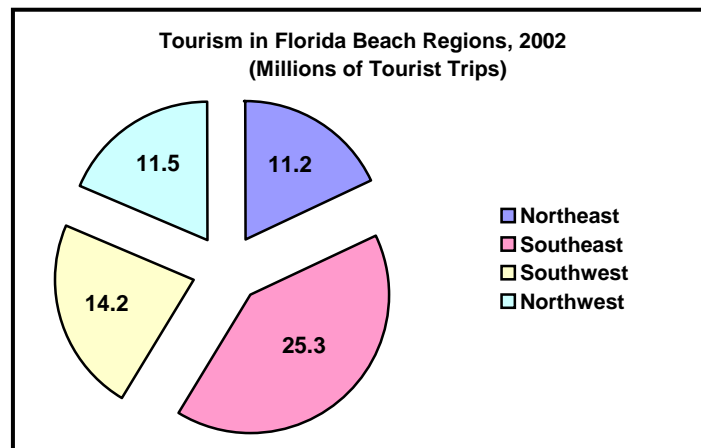
been their role in attracting tourists and in enhancing tourist visits to the state. This report has gathered and analyzed the economic information available on beach-oriented tourists from state-level and local sources. Highlights of the key findings reinforce the importance of beaches to Florida's economic vitality.

- The Southeast Beach Region contributes \$18.5 billion to the state's economy, the Southwest Beach Region contributes \$13 billion, the Northwest Beach Region contributes \$5.7 billion and the Northeast Beach Region contributes \$2.0 billion, taking indirect spending, often called the ripple effect, into account.



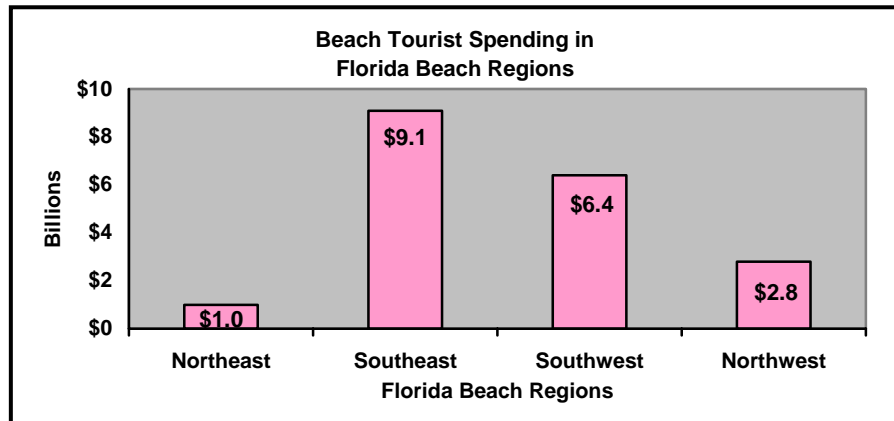
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- The Southeast Beach Region is visited by the largest number of tourists, with 25.3 million visitors in 2003. The Southwest Beach Region was visited by 14.2 million tourists in 2003. The Northwest and Northeast Beach Regions were each visited by about 11 million tourists in the same year.



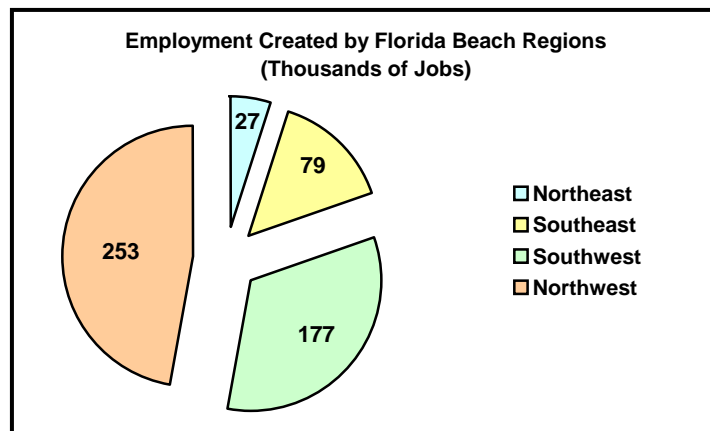
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- Beach tourists spent \$9.1 billion in southeast Florida, \$6.4 billion in southwest Florida, \$2.8 billion in northeast Florida and \$1.0 billion in northwest Florida.



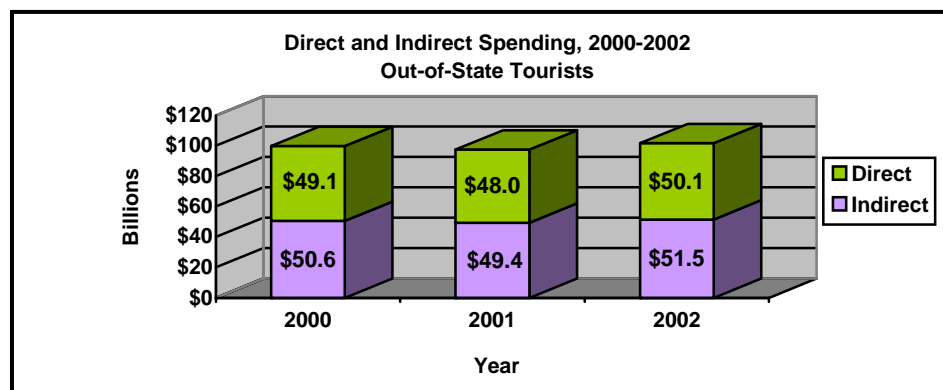
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- Almost one-half of the more than 500,000 jobs created in the state by beach tourists results from spending in the Southeast Beach Region, one-third results from tourist spending in the Southwest Beach Region, and about one-fifth results from tourist spending in the state's Northeast and Northwest Beach Regions.



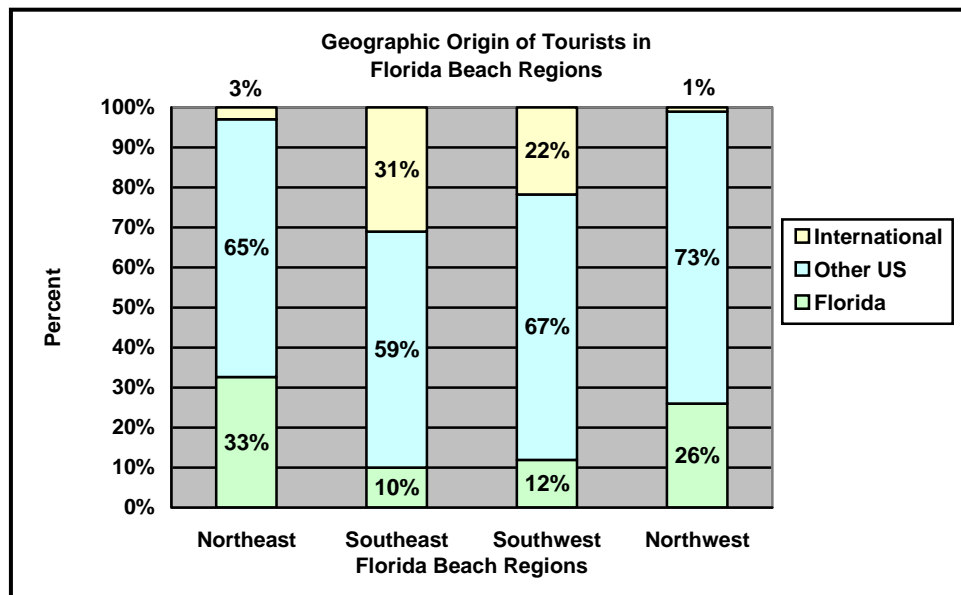
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- More than one-third of Florida's out-of-state tourists visit the state's beaches during the 70 million trips they make to the state annually. In 2002, these visitors spent \$50.1 billion, which is about 10 percent of Florida's gross state product.



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- The share of beach-oriented tourists has increased from 32 percent in 2000 to 38 percent in 2002. Florida's beaches assisted the state's economy during the downturn resulting from the recession of 2001 and the aftermath of the September 2001 terrorist attacks.
- The majority of tourists (92%) come from other states, with the exception of international tourists who provide a substantial proportion of tourism in southwest and southeast Florida.



- Out-of-state beach tourists spent \$19.3 billion in 2002, an amount equal to 3.9 percent of the gross state product. They paid about \$600 million in state sales taxes and created more than 500,000 jobs.

<sup>1</sup> Florida's coastal counties can be conveniently divided into four "beach regions" for the purpose of analyzing the impact of the state's beaches.

<sup>2</sup> Computed by Dr. William Stronge, Department of Economics, Florida Atlantic University, 2004.

<sup>3</sup> The estimates of the number of tourist trips by region were obtained from estimates for the individual counties in the region. Within each region there were one or more counties for which data were available. Counties for which no data were available were estimated using the relationship between their number of lodging facilities and the number of lodging facilities in the counties for which data were available.

<sup>4</sup> Computed by Dr. William Stronge, Department of Economics, Florida Atlantic University, 2004.

<sup>5</sup> Computed by Dr. William Stronge, Department of Economics, Florida Atlantic University, 2004.

<sup>6</sup> Computed by Dr. William Stronge, Department of Economics, Florida Atlantic University, 2004.

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